

**SOUTH CAROLINA CENTERS
OF ECONOMIC EXCELLENCE**

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2010

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
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YEAR ENDED JUNE 30, 2010**

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**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
REVIEW BOARD
JUNE 30, 2010**

<u>NAME</u>	<u>POSITION</u>	<u>APPOINTMENT</u>
Paula Harper-Bethea (resigned effective 3/16/10)	Chair	Speaker of the House
Pamela P. Lackey	Vice Chair	President Pro Tempore of the Senate
Robert W. Pearce, Jr.	Secretary	Speaker of the House
Melvin C. Williams	Member	President Pro Tempore of the Senate
Patricia E. Wilson	Member	Speaker of the House
Keith D. Munson	Member	Governor
J. Lyles Glenn	Member	Governor
Charles M. Condon	Member	Governor
Robert M. Hitt, III	Member	Chair, House Ways and Means Committee
Regan Voit	Member	Chair, Senate Finance Committee
Michael N. Couick	Member	President Pro Tempore of the Senate
James F. Barker	Ex-Officio	
Raymond S. Greenberg	Ex-Officio	
Harris Pastides	Ex-Officio	



South Carolina Centers of Economic Excellence Management's Discussion and Analysis Period: Fiscal Year 2009-2010

The following discussion and analysis has been prepared by staff from the Commission on Higher Education to provide an overview of the activities of the South Carolina Centers of Economic Excellence (CoEE) Program for fiscal year 2009-2010. This discussion and analysis should be read in conjunction with the financial statement and accompanying notes to the financial statement. The financial statement has been prepared by an independent auditor (Derrick, Stubbs & Stith, L.L.P.) in accordance with S.C. 2-75-10.

Overview of the CoEE Program

In 2002, the South Carolina General Assembly passed the Research Centers of Economic Excellence (RCEE) Act. The legislation originally appropriated \$200 million through 2010¹ from the South Carolina Education Lottery to establish unique Centers of Economic Excellence at South Carolina's three senior research institutions: Clemson University, University of South Carolina, and Medical University of South Carolina. Each Center of Economic Excellence (CoEE) specializes in unique, knowledge-based economy research (in fields such as engineering, nanotechnology, biomedical science, and energy science) that promotes and creates enhanced economic opportunities for the state. In 2008, the General Assembly amended the RCEE Act to replace the \$200 million funding cap and the 2010 sunset date with a statutory guarantee of \$30 million in annual funding so long as (a) Lottery-supported scholarships have been fully funded, and (b) the CoEE Review Board has, by the end of the most previous fiscal year, awarded a minimum of 80% of overall appropriations since 2003.

¹ The General Assembly appropriated \$30 million per year in the state budget for fiscal years 2003 through 2007. The General Assembly appropriated \$0 for fiscal years 2008 through 2010.

The RCEE Act also created the CoEE Review Board, which provides program oversight. The Review Board is composed of 11 members: three appointed by the Governor; three by the President Pro Tempore of the Senate; three by the Speaker of the House of Representatives; one by the Chair of the Senate Finance Committee; and one by the Chair of the House Ways & Means Committee. Membership terms are three years, and individuals may serve three total terms. The presidents of South Carolina's three research universities serve as ex-officio, non-voting members of the Review Board. Staff and operational support for the CoEE Program is provided by Commission on Higher Education staff. The Commission approves the operational budget for the program.

The CoEE Review Board held its first meeting on October 17, 2002, at which it approved formal *Bylaws*. On December 5, 2002, the Review Board approved Program *Guidelines* and *Requests for Proposals Guidelines for 2002-2003*, which established a competitive, annual process whereby Centers of Economic Excellence are proposed by the research institutions and approved by the Review Board. The three-tier review process includes two rigorous scientific evaluations (a technical review and an onsite panel review), followed by the Review Board's analysis of the review findings and a formal vote on individual proposals. In 2008, the General Assembly amended the RCEE Act by encoding the technical and scientific review process for proposals.

Once a new CoEE is approved, an institution has 18 months in which to solicit non-state (private, federal, or municipal) investors to pledge dollar-for-dollar matching of a CoEE's total state award (between \$2 million to \$5 million). In February 2007, the CoEE Review Board approved a policy whereby an institution may apply for as many as two, six-month extensions beyond the 18-month pledge verification deadline. All matching pledges must be realized within 78 months of a CoEE's approval date. In February 2009, the CoEE Review Board approved a policy whereby an institution may apply for as many as two, six-month extensions beyond the 78-month drawdown deadline.

State funds may only be drawn against realized (received) non-state pledges. The majority of funds (all of the state funds, plus no less than 30% of the non-state match) are placed in endowment, which may be used to pay the salaries or salary supplements of the world-class scientists (endowed chairs) specially recruited to lead each CoEE, as well as pay for the purchase of specialized equipment, laboratory construction, other faculty, and research assistants. In 2008, the General Assembly amended the RCEE Act by encoding

the use of a certain portion (determined by the CoEE Review Board) of non-state matching funds “to pay for initial operating costs” of CoEEs (S.C. 2-75-100).

On December 12, 2006, the CoEE Review Board convened a Cost Share Work Group. Representatives from all three research institutions, the Office of the State Treasurer, and Commission on Higher Education staff gathered to discuss accounting standards related to the RCEE Act. On February 26, 2007, the Review Board approved a Cost Share Accounting Policy, which contains specific guidelines for claiming and valuing in-kind matches. In 2008, the General Assembly amended the RCEE Act to encode the use of cash equivalent and in-kind donations as valid non-state matches for the CoEE Program.

In 2010, the General Assembly amended the RCEE act to create a new type of CoEE Award to be made in concert with the South Carolina Department of Commerce. One-quarter of the unallocated Centers of Excellence Matching Endowment funds is dedicated for funding such “CoEE Commerce Awards.” CoEE Commerce Awards may not individually exceed \$2 million and do not require the dollar-for-dollar non-state match of Standard CoEE awards. In place of a matching requirement, the Secretary of Commerce is required to certify that a “significant capital investment” has been made in the related research field of a proposed CoEE Commerce Award professorial endowment; the intent of CoEE Commerce Award endowment is to “directly support the industry.” These revisions become effective January 1, 2011.

Over time, each research institution has developed concentrated CoEE focus areas. Clemson University’s core strengths lie in the area of automotive and transportation technology, advanced materials and biotechnology/biomedical sciences. USC’s Centers generally fall within the three clusters of future fuels, the biomedical sciences, and nanotechnology. MUSC’s strengths lie in the areas of neuroscience, cancer research, vascular disease, and health care quality and finance.

One hallmark of the CoEE Program is an almost unprecedented scientific collaboration at the academic level. More than one-third of the CoEE’s are partnerships between and among state public institutions, including three four-year comprehensive teaching universities. Dr. John Schaefer, CoEE Endowed Chair at MUSC’s Clinical Effectiveness and Patient Safety CoEE, has noted that such academic collaboration rarely exists—not even at Harvard and Yale. The lure of bonded research partnerships serves as an enticing recruiting tool to the renowned scientists required to lead each Center.

At the end of FY 2010, the program consisted of 49 CoEEs and 87 approved endowed chairs (35 appointed). As envisioned by the General Assembly, the CoEE Program has become a successful boost to the state's knowledge-based economy. By the end of FY 2010, of the \$197.6 million² in CoEE awards granted by the Board, \$170.4 million in matching pledges was committed by non-state sources, with more than \$149.5 million of these pledges realized and \$133.4 million in state funds drawn down by the research institutions.

² To date, the CoEE Review Board has obligated \$18.6 million in accrued program interest for the awarding of additional proposals, as is permitted by statute. To date, the CoEE Review Board has used \$17.6 million in accrued interest to fund proposals in the 2008-2009 and 2009-2010 award cycles.

Summary of Approved Centers of Economic Excellence (2003-2010)

Funding Year 2002-2003			
Institution (fiscal institution first)	Proposal Title	Endowed Chairs	Proposal Amount
Clemson	Automotive Systems Integration	1	\$5 million
Clemson	Automotive Manufacturing	1	\$5 million
USC	Nanostructures	1	\$4 million
USC/MUSC	Brain Imaging	3*	\$5 million
MUSC	Proteomics	2	\$4 million
MUSC	Neuroscience	3	\$3 million
MUSC/USC/CoC	Marine Genomics	3**	\$4 million
Total Awarded in 2002-2003		14	\$30 million
Funding Year 2003-2004			
Institution (fiscal institution first)	Proposal Title	Endowed Chairs	Proposal Amount
Clemson	Automotive Design & Development	1	\$5 million
Clemson	Electronic Systems Integration	1	\$3 million
Clemson	Photonic Materials	1	\$5 million
USC	Polymer Nanocomposites	1	\$3.5 million
USC	Hydrogen & Fuel Cell Economy I ***	2	\$2.5 million
MUSC/Clemson/USC	Regenerative Medicine	3	\$5 million
MUSC/USC	Translational Cancer Therapeutics	2	\$5 million
Total Awarded in 2003-2004		11	\$29 million

Revised to three chairs by act of the CoEE Review Board on January 12, 2009.

** Revised to three chairs by act of the CoEE Review Board on February 23, 2010.

*** The Hydrogen & Fuel Cell Economy CoEE was approved during 2003-2004. Funding for one half of this CoEE was provided in 2003-04, the other half in 2004-2005.

S.C. Centers of Economic Excellence Funded Proposals (continued)

Funding Year 2004-2005			
Institution (fiscal institution first)	Proposal Title	Endowed Chairs	Proposal Amount
Clemson	Restoration [WITHDRAWN]	—	[\$3 million]
Clemson	Electron Imaging [WITHDRAWN]	—	[\$5 million]
USC	Renewable Fuel Cells	1	\$3 million
USC	Hydrogen & Fuel Cell Economy II*	[See 03-04.]	\$2.5 million
USC/Coastal Carolina	Tourism & Economic Development	1	\$2 million
MUSC	Gastrointestinal Cancer Diagnostics	2**	\$5 million
MUSC/USC	Cancer Drug Discovery	4	\$5 million
MUSC/USC	Vision Science	3	\$4.5 million
Total Awarded in 2004-2005		11	\$22 million
Funding Year 2005-2006			
Institution (fiscal institution first)	Proposal Title	Endowed Chairs	Proposal Amount
Clemson	Supply Chain Optimization & Logistics	1	\$2 million
Clemson	Urban Ecology and Restoration	1	\$2 million
Clemson	Advanced Fiber-Based Materials	1	\$4 million
Clemson	Molecular Nutrition [WITHDRAWN]	—	[\$2 million]
USC	Solid Oxide Fuel Cells	1	\$3 million
USC/MUSC	Childhood Neurotherapeutics	3	\$5 million
MUSC	Molecular Proteomics in Cardiovascular Disease & Prevention	2	\$5 million
MUSC/USC	Clinical Effectiveness & Patient Safety†	3	\$5 million
Total Awarded in 2005-2006		12	\$26 million
Funding Year 2006-2007			
Institution (fiscal institution first)	Proposal Title	Endowed Chairs	Proposal Amount
Clemson/MUSC	Health Facilities Design & Testing	2	\$5 million
USC	Rehabilitation and Reconstruction Science	1	\$5 million
USC	Strategic Approaches to Electricity Production from Coal	1	\$5 million
USC/MUSC/Clemson	Healthcare Quality	2	\$5 million
USC/Clemson	Senior SMART™ Center ±	3	\$5 million
MUSC	Tobacco-Related Malignancy	2	\$5 million
MUSC/USC	Stroke	3	\$5 million
Total Awarded in 2006-2007		14	\$35 million

* The Hydrogen & Fuel Cell Economy CoEE was approved during 2003-2004. Funding for one half of this CoEE was provided in 2003-04, the other half in 2004-2005.

** Increased from one to two by act of the CoEE Review Board on September 8, 2008.

† On September 9, 2008, the CoEE Review Board approved a revision to this proposal which relinquished Clemson University as a collaborative partner and transferred the CoEE chair at Clemson to MUSC.

± The SeniorSMART CoEE was approved in 2007-2008. Funding was provided from 2006-2007 dollars.

S.C. Centers of Economic Excellence Funded Proposals (continued)

Funding Year 2007-2008			
Institution (fiscal institution first)	Proposal Title	Endowed Chairs	Proposal Amount
Clemson	Optoelectronics	1	\$2 million
Clemson	Cyber-Institute	1	\$2 million
USC	Nanoenvironmental Research & Risk Assessment	1	\$3 million
USC	Nuclear Science and Energy	1	\$3 million
MUSC	Renal Disease Biomarker	2	\$5 million
MUSC/Clemson	Cancer Stem Cell Biology	2	\$5 million
MUSC/USC/Clemson	Advanced Tissue Biofabrication	3	\$5 million
MUSC/USC/SCSU	Cancer Disparities*	3	\$3.6 million
MUSC/USC	Medication Safety & Efficacy*	1	\$2 million
Total Awarded in 2007-2008		15	\$30.6 million
Funding Year 2008-2009			
Institution (fiscal institution first)	Proposal Title	Endowed Chairs	Proposal Amount
Clemson	Tissue Systems Characterization	1	\$3 million
USC	Nuclear Science Strategies	1	\$3 million
USC/MUSC	Healthful Lifestyles**	2	\$3 million
MUSC	Lipidomics, Pathobiology and Therapy	2	\$5 million
Total Awarded in 2008-2009		6	\$14 million
Funding Year 2009-2010			
Institution (fiscal institution first)	Proposal Title	Endowed Chairs	Proposal Amount
Clemson	Sustainable Development	1	\$4 million
USC	Data Analysis	1	\$2 million
MUSC	Inflammation and Fibrosis Research	2	\$5 million

* The Cancer Disparities CoEE and the Medication Safety & Efficacy CoEE were approved in 2008-2009. Funding was provided from 2007-2008 dollars.

** The Healthful Lifestyles CoEE was approved in 2009-2010 with funding from 2008-2009 dollars.

Program Totals	
TOTAL LOTTERY APPROPRIATIONS (2003-2008)	\$180 million
ACCRUED PROGRAM INTEREST USED FOR ADDITIONAL AWARDS *	\$17.6 million
TOTAL FUNDS AWARDED (2003-2010)	\$197.6 million

* As permitted by S.C. 2-75-30(A).

Research Institution Totals				
Institution	Centers Awarded	CoEE Chairs Created	CoEE Chairs Appointed (Remaining to be Apptd)	State Funds Drawn
Clemson University	13	16	6 (10)	\$34,889,299
University of South Carolina	17	29	11 (18)	\$43,422,355
Medical University of South Carolina	19	42	18 (24)	\$55,058,024
TOTALS	49	87	35 (52)	\$133,369,678



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INDEPENDENT AUDITOR'S REPORT

To the Review Board
South Carolina Centers of Economic Excellence
Columbia, South Carolina

We have audited the statements of program revenues and expenditures of the South Carolina Centers of Economic Excellence (the Program) for the year ended June 30, 2010, as listed in the index. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the program revenues and expenditures of the South Carolina Centers of Economic Excellence for the year ended June 30, 2010, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 29, 2010, on our consideration of the Program's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 2 - 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and do not express an opinion on it.

Derrick Stubbs + Stith LLP

November 29, 2010

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
PROGRAM REVENUES AND EXPENDITURES - CONSOLIDATED SUMMARY
YEAR ENDING JUNE 30, 2010**

	Clemson University				Medical University of South Carolina					
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 11,084,841	\$ -	\$ -	\$ -	\$ 11,084,841	\$ 11,236,372	\$ -	\$ -	\$ -	\$ 11,236,372
Non-state matching funds	-	4,970,996	503,652	-	5,474,648	-	3,456,790	5,853,124	-	9,309,914
Total contribution revenue	11,084,841	4,970,996	503,652	-	16,559,489	11,236,372	3,456,790	5,853,124	-	20,546,286
Investment Income										
Realized gain (loss)	-	-	-	(103,804)	(103,804)	-	-	-	577,245	577,245
Unrealized gain	-	-	-	3,947,735	3,947,735	-	-	-	5,799,878	5,799,878
Endowment income	-	-	-	294,722	294,722	-	-	-	1,262,220	1,262,220
Total investment income	-	-	-	4,138,653	4,138,653	-	-	-	7,639,343	7,639,343
Total revenue	11,084,841	4,970,996	503,652	4,138,653	20,698,142	11,236,372	3,456,790	5,853,124	7,639,343	28,185,629
Expenditures										
Personal services	-	-	1,458	546,133	547,591	-	-	673,322	9,841	683,163
Fringe	-	-	500	147,203	147,703	-	-	189,496	2,913	192,409
Travel	-	-	3,002	69,799	72,801	-	-	12,510	-	12,510
Supplies	-	-	46,667	228,357	275,024	-	-	222,808	-	222,808
Contractual	-	-	-	-	-	-	-	165,186	-	165,186
Fixed charges	-	-	-	-	-	-	-	-	-	-
Indirect cost recovery	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	-	-	-	133,066	814,418	947,484
Legal	-	-	-	-	-	-	-	-	-	-
Other	-	-	5,599	-	5,599	-	-	77,568	5,723	83,291
Facilities	-	-	-	-	-	-	-	859,142	-	859,142
Equipment	-	-	-	88,495	88,495	-	-	141,067	-	141,067
Total expenditures	-	-	57,226	1,079,987	1,137,213	-	-	2,474,165	832,895	3,307,060
Program net income	11,084,841	4,970,996	446,426	3,058,666	19,560,929	11,236,372	3,456,790	3,378,959	6,806,448	24,878,569
Transfers	-	1,000,000	(548,610)	1,229,621	1,681,011	-	922,648	306,095	85,783	1,314,526
Cumulative Program Net Income										
Beginning	23,804,458	24,712,707	663,403	(7,199,952)	41,980,616	43,254,539	22,514,144	3,363,147	(7,687,356)	61,444,474
Ending	\$ 34,889,299	\$ 30,683,703	\$ 561,219	\$ (2,911,665)	\$ 63,222,556	\$ 54,490,911	\$ 26,893,582	\$ 7,048,201	\$ (795,125)	\$ 87,637,569

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
PROGRAM REVENUES AND EXPENDITURES - CONSOLIDATED SUMMARY
YEAR ENDING JUNE 30, 2010**

	University of South Carolina				Total - Consolidated Summary					
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 6,446,052	\$ -	\$ -	\$ -	\$ 6,446,052	\$ 28,767,265	\$ -	\$ -	\$ -	\$ 28,767,265
Non-state matching funds	-	5,359,648	9,957,315	-	15,316,963	-	13,787,434	16,314,091	-	30,101,525
Total contribution revenue	6,446,052	5,359,648	9,957,315	-	21,763,015	28,767,265	13,787,434	16,314,091	-	58,868,790
Investment Income										
Realized gain (loss)	-	-	-	316,607	316,607	-	-	-	790,048	790,048
Unrealized gain	-	-	-	400,597	400,597	-	-	-	10,148,210	10,148,210
Endowment income	-	-	-	1,477,729	1,477,729	-	-	-	3,034,671	3,034,671
Total investment income	-	-	-	2,194,933	2,194,933	-	-	-	13,972,929	13,972,929
Total revenue	6,446,052	5,359,648	9,957,315	2,194,933	23,957,948	28,767,265	13,787,434	16,314,091	13,972,929	72,841,719
Expenditures										
Personal services	-	-	3,158,365	255,723	3,414,088	-	-	3,833,145	811,697	4,644,842
Fringe	-	-	594,847	46,734	641,581	-	-	784,843	196,850	981,693
Travel	-	-	220,858	7,782	228,640	-	-	236,370	77,581	313,951
Supplies	-	-	301,873	4,796	306,669	-	-	571,348	233,153	804,501
Contractual	-	-	2,359,514	51,634	2,411,148	-	-	2,524,700	51,634	2,576,334
Fixed charges	-	-	200,562	-	200,562	-	-	200,562	-	200,562
Indirect cost recovery	-	-	704,916	-	704,916	-	-	704,916	-	704,916
Administrative fees	-	-	-	168,372	168,372	-	-	133,066	982,790	1,115,856
Legal	-	-	19,384	-	19,384	-	-	19,384	-	19,384
Other	-	-	42,002	20,139	62,141	-	-	125,169	25,862	151,031
Facilities	-	-	-	-	-	-	-	859,142	-	859,142
Equipment	-	-	1,343,306	2,482	1,345,788	-	-	1,484,373	90,977	1,575,350
Total expenditures	-	-	8,945,627	557,662	9,503,289	-	-	11,477,018	2,470,544	13,947,562
Program net income	6,446,052	5,359,648	1,011,688	1,637,271	14,454,659	28,767,265	13,787,434	4,837,073	11,502,385	58,894,157
Transfers	-	-	-	-	-	-	1,922,648	(242,515)	1,315,404	2,995,537
Cumulative Program Net Income										
Beginning	27,464,910	10,762,930	4,769,370	826,295	43,823,505	94,523,907	57,989,781	8,795,920	(14,061,013)	147,248,595
Ending	\$ 33,910,962	\$ 16,122,578	\$ 5,781,058	\$ 2,463,566	\$ 58,278,164	\$ 123,291,172	\$ 73,699,863	\$ 13,390,478	\$ (1,243,224)	\$ 209,138,289

See notes to financial statements.

SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
CLEMSON UNIVERSITY
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2010

	Automotive Design and Development				Automotive Manufacturing Integration					
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 5,000,000	\$ -	\$ -	\$ -	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
Non-state matching funds	-	3,900,000	-	-	3,900,000	-	-	-	-	-
Total contribution revenue	5,000,000	3,900,000	-	-	8,900,000	-	-	-	-	-
Investment Income										
Realized gain (loss)	-	-	-	(22,103)	(22,103)	-	-	-	(17,807)	(17,807)
Unrealized gain (loss)	-	-	-	(281,592)	(281,592)	-	-	-	894,987	894,987
Endowment income	-	-	-	32,772	32,772	-	-	-	42,351	42,351
Total investment income	-	-	-	(270,923)	(270,923)	-	-	-	919,531	919,531
Total revenue	5,000,000	3,900,000	-	(270,923)	8,629,077	-	-	-	919,531	919,531
Expenditures										
Personal services	-	-	-	-	-	-	-	-	243,583	243,583
Fringe	-	-	-	-	-	-	-	-	68,670	68,670
Travel	-	-	-	-	-	-	-	-	31,472	31,472
Supplies	-	-	-	-	-	-	-	-	42,418	42,418
Other	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-	-	386,143	386,143
Program net income (loss)	5,000,000	3,900,000	-	(270,923)	8,629,077	-	-	-	533,388	533,388
Transfers	-	-	-	-	-	-	-	(41,582)	297,420	255,838
Cumulative Program Net Income Beginning	-	321,056	-	(63,650)	257,406	5,000,000	5,000,000	41,582	(1,501,318)	8,540,264
Ending	\$ 5,000,000	\$ 4,221,056	\$ -	\$ (334,573)	\$ 8,886,483	\$ 5,000,000	\$ 5,000,000	\$ -	\$ (670,510)	\$ 9,329,490

See notes to financial statements.

SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
CLEMSON UNIVERSITY
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2010

	Automotive Systems Integration				Optical Materials					
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 686,542	\$ -	\$ -	\$ -	\$ 686,542
Non-state matching funds	-	-	-	-	-	-	-	-	-	-
Total contribution revenue	-	-	-	-	-	686,542	-	-	-	686,542
Investment Income										
Realized gain (loss)	-	-	-	(19,897)	(19,897)	-	-	-	(7,507)	(7,507)
Unrealized gain (loss)	-	-	-	983,352	983,352	-	-	-	612,376	612,376
Endowment income	-	-	-	46,409	46,409	-	-	-	35,307	35,307
Total investment income	-	-	-	1,009,864	1,009,864	-	-	-	640,176	640,176
Total revenue	-	-	-	1,009,864	1,009,864	686,542	-	-	640,176	1,326,718
Expenditures										
Personal services	-	-	-	206,954	206,954	-	-	-	-	-
Fringe	-	-	-	51,240	51,240	-	-	-	-	-
Travel	-	-	-	24,624	24,624	-	-	-	-	-
Supplies	-	-	-	153,826	153,826	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	86,245	86,245	-	-	-	-	-
Total expenses	-	-	-	522,889	522,889	-	-	-	-	-
Program net income (loss)	-	-	-	486,975	486,975	686,542	-	-	640,176	1,326,718
Transfers	-	-	(112,003)	513,561	401,558	-	-	(172,170)	172,170	-
Cumulative Program Net Income										
Beginning	5,000,000	5,000,000	112,003	(673,519)	9,438,484	4,313,458	3,050,852	204,491	(1,352,296)	6,216,505
Ending	\$ 5,000,000	\$ 5,000,000	\$ -	\$ 327,017	\$ 10,327,017	\$ 5,000,000	\$ 3,050,852	\$ 32,321	\$ (539,950)	\$ 7,543,223

See notes to financial statements.

SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
CLEMSON UNIVERSITY
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2010

	Vehicle Electronic Systems				Supply Chain Optimization and Logistics					
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
Non-state matching funds	-	-	-	-	-	-	350,000	-	-	350,000
Total contribution revenue	-	-	-	-	-	350,000	350,000	-	-	700,000
Investment Income										
Realized gain (loss)	-	-	-	(5,912)	(5,912)	-	-	-	(6,384)	(6,384)
Unrealized gain (loss)	-	-	-	436,082	436,082	-	-	-	176,891	176,891
Endowment income	-	-	-	21,738	21,738	-	-	-	18,610	18,610
Total investment income	-	-	-	451,908	451,908	-	-	-	189,117	189,117
Total revenue	-	-	-	451,908	451,908	350,000	350,000	-	189,117	889,117
Expenditures										
Personal services	-	-	-	95,596	95,596	-	-	-	-	-
Fringe	-	-	-	27,293	27,293	-	-	-	-	-
Travel	-	-	-	13,703	13,703	-	-	-	-	-
Supplies	-	-	45,442	32,113	77,555	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	2,250	2,250	-	-	-	-	-
Total expenses	-	-	45,442	170,955	216,397	-	-	-	-	-
Program net income (loss)	-	-	(45,442)	280,953	235,511	350,000	350,000	-	189,117	889,117
Transfers	-	-	-	134,672	134,672	-	-	-	-	-
Cumulative Program Net Income										
Beginning	3,000,000	2,000,000	45,442	(751,835)	4,293,607	1,350,000	1,350,000	-	(650,348)	2,049,652
Ending	\$ 3,000,000	\$ 2,000,000	\$ -	\$ (336,210)	\$ 4,663,790	\$ 1,700,000	\$ 1,700,000	\$ -	\$ (461,231)	\$ 2,938,769

See notes to financial statements.

SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
CLEMSON UNIVERSITY
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2010

	Urban Ecology and Restoration				Advanced Fiber-Based Materials					
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,500	\$ -	\$ -	\$ -	\$ 141,500
Non-state matching funds	-	-	-	-	-	-	132,000	3,652	-	135,652
Total contribution revenue	-	-	-	-	-	141,500	132,000	3,652	-	277,152
Investment Income										
Realized gain (loss)	-	-	-	(6,756)	(6,756)	-	-	-	(11,147)	(11,147)
Unrealized gain (loss)	-	-	-	312,119	312,119	-	-	-	505,649	505,649
Endowment income	-	-	-	14,672	14,672	-	-	-	28,951	28,951
Total investment income	-	-	-	320,035	320,035	-	-	-	523,453	523,453
Total revenue	-	-	-	320,035	320,035	141,500	132,000	3,652	523,453	800,605
Expenditures										
Personal services	-	-	-	-	-	-	-	1,458	-	1,458
Fringe	-	-	-	-	-	-	-	500	-	500
Travel	-	-	-	-	-	-	-	3,002	-	3,002
Supplies	-	-	-	-	-	-	-	1,225	-	1,225
Other	-	-	-	-	-	-	-	5,599	-	5,599
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-	11,784	-	11,784
Program net income (loss)	-	-	-	320,035	320,035	141,500	132,000	(8,132)	523,453	788,821
Transfers	-	-	(56,737)	56,737	-	-	-	(166,118)	166,118	-
Cumulative Program Net Income										
Beginning	2,000,000	2,000,000	56,737	(1,045,876)	3,010,861	3,141,000	2,984,000	203,148	(1,103,781)	5,224,367
Ending	\$ 2,000,000	\$ 2,000,000	\$ -	\$ (669,104)	\$ 3,330,896	\$ 3,282,500	\$ 3,116,000	\$ 28,898	\$ (414,210)	\$ 6,013,188

See notes to financial statements.

SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
CLEMSON UNIVERSITY
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2010

	Molecular Nutrition				Health Facilities Design and Testing					
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 2,000,000
Non-state matching funds	-	-	-	-	-	-	-	-	-	-
Total contribution revenue	-	-	-	-	-	2,000,000	-	-	-	2,000,000
Investment Income										
Realized gain (loss)	-	-	-	-	-	-	-	-	3,621	3,621
Unrealized gain (loss)	-	-	-	-	-	-	-	-	191,250	191,250
Endowment income	-	-	-	-	-	-	-	-	24,501	24,501
Total investment income	-	-	-	-	-	-	-	-	219,372	219,372
Total revenue	-	-	-	-	-	2,000,000	-	-	219,372	2,219,372
Expenditures										
Personal services	-	-	-	-	-	-	-	-	-	-
Fringe	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-	-	-	-
Program net income (loss)	-	-	-	-	-	2,000,000	-	-	219,372	2,219,372
Transfers	-	-	-	-	-	-	-	-	-	-
Cumulative Program Net Income										
Beginning	-	-	-	-	-	-	2,000,000	-	101,823	2,101,823
Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 321,195	\$ 4,321,195

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
CLEMSON UNIVERSITY
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2010**

	Optoelectronics				Cyber-Institute					
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 1,506,799	\$ -	\$ -	\$ -	\$ 1,506,799	\$ 1,400,000	\$ -	\$ -	\$ -	\$ 1,400,000
Non-state matching funds	-	500,000	-	-	500,000	-	88,996	500,000	-	588,996
Total contribution revenue	1,506,799	500,000	-	-	2,006,799	1,400,000	88,996	500,000	-	1,988,996
Investment Income										
Realized gain (loss)	-	-	-	(7,701)	(7,701)	-	-	-	(2,211)	(2,211)
Unrealized gain (loss)	-	-	-	72,766	72,766	-	-	-	43,855	43,855
Endowment income	-	-	-	19,089	19,089	-	-	-	10,322	10,322
Total investment income	-	-	-	84,154	84,154	-	-	-	51,966	51,966
Total revenue	1,506,799	500,000	-	84,154	2,090,953	1,400,000	88,996	500,000	51,966	2,040,962
Expenditures										
Personal services	-	-	-	-	-	-	-	-	-	-
Fringe	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-	-	-	-
Program net income (loss)	1,506,799	500,000	-	84,154	2,090,953	1,400,000	88,996	500,000	51,966	2,040,962
Transfers	-	-	-	-	-	-	1,000,000	-	(111,057)	888,943
Cumulative Program Net Income Beginning	-	1,006,799	-	(159,152)	847,647	-	-	-	-	-
Ending	\$ 1,506,799	\$ 1,506,799	\$ -	\$ (74,998)	\$ 2,938,600	\$ 1,400,000	\$ 1,088,996	\$ 500,000	\$ (59,091)	\$ 2,929,905

See notes to financial statements.

SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
CLEMSON UNIVERSITY
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2010

	Tissue Systems Characterization				Sustainable Development			
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings
Contribution Revenue								
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-state matching funds	-	-	-	-	-	-	-	-
Total contribution revenue	-	-	-	-	-	-	-	-
Investment Income								
Realized gain (loss)	-	-	-	-	-	-	-	-
Unrealized gain (loss)	-	-	-	-	-	-	-	-
Endowment income	-	-	-	-	-	-	-	-
Total investment income	-	-	-	-	-	-	-	-
Total revenue	-	-	-	-	-	-	-	-
Expenditures								
Personal services	-	-	-	-	-	-	-	-
Fringe	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-	-
Program net income (loss)	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Cumulative Program Net Income Beginning	-	-	-	-	-	-	-	-
Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
CLEMSON UNIVERSITY
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2010**

	Total - Clemson University				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue					
State funds	\$ 11,084,841	\$ -	\$ -	\$ -	\$ 11,084,841
Non-state matching funds	-	4,970,996	503,652	-	5,474,648
Total contribution revenue	11,084,841	4,970,996	503,652	-	16,559,489
Investment Income					
Realized gain (loss)	-	-	-	(103,804)	(103,804)
Unrealized gain (loss)	-	-	-	3,947,735	3,947,735
Endowment income	-	-	-	294,722	294,722
Total investment income	-	-	-	4,138,653	4,138,653
Total revenue	11,084,841	4,970,996	503,652	4,138,653	20,698,142
Expenditures					
Personal services	-	-	1,458	546,133	547,591
Fringe	-	-	500	147,203	147,703
Travel	-	-	3,002	69,799	72,801
Supplies	-	-	46,667	228,357	275,024
Other	-	-	5,599	-	5,599
Equipment	-	-	-	88,495	88,495
Total expenses	-	-	57,226	1,079,987	1,137,213
Program net income (loss)	11,084,841	4,970,996	446,426	3,058,666	19,560,929
Transfers	-	1,000,000	(548,610)	1,229,621	1,681,011
Cumulative Program Net Income					
Beginning	23,804,458	24,712,707	663,403	(7,199,952)	41,980,616
Ending	\$ 34,889,299	\$ 30,683,703	\$ 561,219	\$ (2,911,665)	\$ 63,222,556

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
MEDICAL UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2010**

	Proteomics			Neurosciences			
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue							
State funds	\$ 1,786,070	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-state matching funds	-	262,694	1,406,650	-	-	-	-
Total contribution revenue	1,786,070	262,694	1,406,650	-	-	-	-
Investment Income							
Realized gain (loss)	-	-	-	10,824	-	13,386	13,386
Unrealized gain (loss)	-	-	-	303,376	-	415,439	415,439
Endowment income	-	-	-	56,426	-	72,491	72,491
Total investment income (loss)	-	-	-	370,626	-	501,316	501,316
Total revenue	1,786,070	262,694	1,406,650	370,626	-	501,316	501,316
Expenditures							
Personal services	-	-	-	-	-	9,841	9,841
Fringe	-	-	-	-	-	2,913	2,913
Travel	-	-	583	-	-	-	-
Supplies	-	-	-	-	-	-	-
Contractual	-	-	-	-	-	-	-
Administrative fees	-	-	13,135	45,963	-	38,726	38,726
Other	-	-	488	-	-	-	-
Facilities	-	-	758,805	-	-	-	-
Equipment	-	-	-	-	-	-	-
Total expenditures	-	-	773,011	45,963	-	51,480	51,480
Program net income (loss)	1,786,070	262,694	633,639	324,663	-	449,836	449,836
Transfers	-	62,792	25,388	-	-	-	-
Cumulative Program Net Income							
Beginning	2,213,930	928,780	141,540	(482,190)	825,453	(410,260)	4,315,193
Ending	\$ 4,000,000	\$ 1,254,266	\$ 800,567	\$ (157,527)	\$ 825,453	\$ 39,576	\$ 4,765,029

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
MEDICAL UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2010**

	Marine Genomics				Regenerative Medicine					
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 2,500,000	\$ -	\$ -	\$ -	\$ 2,500,000	\$ 2,500,000	\$ -	\$ -	\$ -	\$ 2,500,000
Non-state matching funds	-	-	291,423	-	291,423	-	-	-	-	-
Total contribution revenue	2,500,000	-	291,423	-	2,791,423	2,500,000	-	-	-	2,500,000
Investment Income										
Realized gain (loss)	-	-	-	362,435	362,435	-	-	-	(917)	(917)
Unrealized gain (loss)	-	-	-	(64,227)	(64,227)	-	-	-	336,085	336,085
Endowment income	-	-	-	88,428	88,428	-	-	-	49,152	49,152
Total investment income (loss)	-	-	-	386,636	386,636	-	-	-	384,320	384,320
Total revenue	2,500,000	-	291,423	386,636	3,178,059	2,500,000	-	-	384,320	2,884,320
Expenditures										
Personal services	-	-	6,843	-	6,843	-	-	70,599	-	70,599
Fringe	-	-	2,026	-	2,026	-	-	17,830	-	17,830
Travel	-	-	-	-	-	-	-	11,107	-	11,107
Supplies	-	-	-	-	-	-	-	197,567	-	197,567
Contractual	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	31,527	31,527	-	-	-	14,589	14,589
Other	-	-	778	-	778	-	-	18,572	-	18,572
Facilities	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	61,518	-	61,518
Total expenditures	-	-	9,647	31,527	41,174	-	-	377,193	14,589	391,782
Program net income (loss)	2,500,000	-	281,776	355,109	3,136,885	2,500,000	-	(377,193)	369,731	2,492,538
Transfers	-	-	-	-	-	-	-	-	-	-
Cumulative Program Net Income										
Beginning	1,500,000	1,500,000	19,102	35,173	3,054,275	2,500,000	2,000,000	1,247,693	(811,000)	4,936,693
Ending	\$ 4,000,000	\$ 1,500,000	\$ 300,878	\$ 390,282	\$ 6,191,160	\$ 5,000,000	\$ 2,000,000	\$ 870,500	\$ (441,269)	\$ 7,429,231

See notes to financial statements.

SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
MEDICAL UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2010

	Translational Cancer Therapeutics				Drug Discovery in Cancer					
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$	-	\$	-	\$	-	\$	-	\$	-
Non-state matching funds		-	-	-	-	-	-	-	-	-
Total contribution revenue		-	-	-	-	-	-	-	-	-
Investment Income										
Realized gain (loss)		-	-	24,475	24,475	-	-	-	21,025	21,025
Unrealized gain (loss)		-	-	759,605	759,605	-	-	-	652,530	652,530
Endowment income		-	-	132,545	132,545	-	-	-	113,861	113,861
Total investment income (loss)		-	-	916,625	916,625	-	-	-	787,416	787,416
Total revenue		-	-	916,625	916,625	-	-	-	787,416	787,416
Expenditures										
Personal services		-	156,341	-	156,341	-	-	65,606	-	65,606
Fringe		-	43,999	-	43,999	-	-	19,419	-	19,419
Travel		-	-	-	-	-	-	-	-	-
Supplies		-	-	-	-	-	-	9,575	-	9,575
Contractual		-	-	-	-	-	-	24,156	-	24,156
Administrative fees		-	-	70,807	70,807	-	-	-	60,826	60,826
Other		-	-	-	-	-	-	-	-	-
Facilities		-	-	-	-	-	-	-	-	-
Equipment		-	-	-	-	-	-	34,505	-	34,505
Total expenditures		-	200,340	70,807	271,147	-	-	153,261	60,826	214,087
Program net income (loss)		-	(200,340)	845,818	645,478	-	-	(153,261)	726,590	573,329
Transfers		-	132,522	-	132,522	-	-	-	-	-
Cumulative Program Net Income										
Beginning	5,000,000	1,998,095	115,582	(617,323)	6,496,354	5,000,000	1,604,510	281,830	(1,123,177)	5,763,163
Ending	\$ 5,000,000	\$ 1,998,095	\$ 47,764	\$ 228,495	\$ 7,274,354	\$ 5,000,000	\$ 1,604,510	\$ 128,569	\$ (396,587)	\$ 6,336,492

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
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	Gastrointestinal Cancer Diagnostics				Vision Science					
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-state matching funds	-	-	-	-	-	-	2,500	33,955	-	36,455
Total contribution revenue	-	-	-	-	-	-	2,500	33,955	-	36,455
Investment Income										
Realized gain (loss)	-	-	-	23,248	23,248	-	-	-	19,989	19,989
Unrealized gain (loss)	-	-	-	721,530	721,530	-	-	-	620,293	620,293
Endowment income	-	-	-	125,901	125,901	-	-	-	108,243	108,243
Total investment income (loss)	-	-	-	870,679	870,679	-	-	-	748,525	748,525
Total revenue	-	-	-	870,679	870,679	-	2,500	33,955	748,525	784,980
Expenditures										
Personal services	-	-	60,377	-	60,377	-	-	16,474	-	16,474
Fringe	-	-	17,890	-	17,890	-	-	4,679	-	4,679
Travel	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	(388)	-	(388)	-	-	10,182	-	10,182
Contractual	-	-	-	-	-	-	-	25,718	-	25,718
Administrative fees	-	-	-	67,258	67,258	-	-	-	59,470	59,470
Other	-	-	-	-	-	-	-	-	-	-
Facilities	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	36,349	-	36,349
Total expenditures	-	-	77,879	67,258	145,137	-	-	93,402	59,470	152,872
Program net income (loss)	-	-	(77,879)	803,421	725,542	-	2,500	(59,447)	689,055	632,108
Transfers	-	-	-	175,335	175,335	-	-	134,316	-	134,316
Cumulative Program Net Income										
Beginning	5,000,000	2,000,000	383,894	(939,065)	6,444,829	4,367,192	1,878,774	371,618	(1,038,167)	5,579,417
Ending	\$ 5,000,000	\$ 2,000,000	\$ 306,015	\$ 39,691	\$ 7,345,706	\$ 4,367,192	\$ 1,881,274	\$ 446,487	\$ (349,112)	\$ 6,345,841

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
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	Clinical Effectiveness and Patient Safety				Molecular Proteomics in Cardiovascular Disease and Prevention					
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 462,683	\$ -	\$ -	\$ -	\$ 462,683	\$ 217,507	\$ -	\$ -	\$ -	\$ 217,507
Non-state matching funds	-	-	1,094,529	-	1,094,529	-	45,871	685,707	-	731,578
Total contribution revenue	462,683	-	1,094,529	-	1,557,212	217,507	45,871	685,707	-	949,085
Investment Income										
Realized gain (loss)	-	-	-	21,527	21,527	-	-	-	22,304	22,304
Unrealized gain (loss)	-	-	-	664,795	664,795	-	-	-	648,312	648,312
Endowment income	-	-	-	120,679	120,679	-	-	-	115,896	115,896
Total investment income (loss)	-	-	-	807,001	807,001	-	-	-	786,512	786,512
Total revenue	462,683	-	1,094,529	807,001	2,364,213	217,507	45,871	685,707	786,512	1,735,597
Expenditures										
Personal services	-	-	(10,790)	-	(10,790)	-	-	147,309	-	147,309
Fringe	-	-	(3,171)	-	(3,171)	-	-	43,617	-	43,617
Travel	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	3,543	-	3,543	-	-	-	-	-
Contractual	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	13,411	63,656	77,067	-	-	31,506	63,901	95,407
Other	-	-	-	-	-	-	-	-	-	-
Facilities	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	2,993	63,656	66,649	-	-	222,432	63,901	286,333
Program net income (loss)	462,683	-	1,091,536	743,345	2,297,564	217,507	45,871	463,275	722,611	1,449,264
Transfers	-	-	-	-	-	-	59,856	13,869	(59,856)	13,869
Cumulative Program Net Income										
Beginning	4,537,317	2,000,000	(1,104,350)	(909,299)	4,523,668	3,842,963	3,129,879	439,792	(1,376,409)	6,036,225
Ending	\$ 5,000,000	\$ 2,000,000	\$ (12,814)	\$ (165,954)	\$ 6,821,232	\$ 4,060,470	\$ 3,235,606	\$ 916,936	\$ (713,654)	\$ 7,499,358

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
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	Tobacco-Related Malignancy				Stroke		
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	State Endowment	Non-State Endowment	Non-State Expendable
Contribution Revenue							
State funds	\$ 976,470	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-state matching funds	-	102,000	320,458	-	-	-	740,378
Total contribution revenue	976,470	102,000	320,458	-	-	-	740,378
Investment Income							
Realized gain (loss)	-	-	-	22,979	-	-	21,724
Unrealized gain (loss)	-	-	-	596,521	-	-	354,203
Endowment income	-	-	-	117,514	-	-	86,909
Total investment income (loss)	-	-	-	737,014	-	-	462,836
Total revenue	976,470	102,000	320,458	737,014	-	-	1,203,214
Expenditures							
Personal services	-	-	41,730	-	-	-	103,787
Fringe	-	-	11,141	-	-	-	27,612
Travel	-	-	78	-	-	-	742
Supplies	-	-	-	-	-	-	2,329
Contractual	-	-	-	-	-	-	115,312
Administrative fees	-	-	7,279	66,187	-	-	50,826
Other	-	-	57,730	-	-	-	63,326
Facilities	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-
Total expenditures	-	-	117,958	66,187	-	-	8,695
Program net income (loss)	976,470	102,000	202,500	670,827	-	-	412,010
Transfers	-	-	-	-	-	-	-
Cumulative Program Net Income							
Beginning	4,023,530	1,368,812	525,873	111,135	2,269,607	2,500,000	4,423
Ending	\$ 5,000,000	\$ 1,470,812	\$ 728,373	\$ 781,962	\$ 2,269,607	\$ 2,500,000	\$ 473,824
							\$ 5,612,919

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
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	Renal Disease Biomarker				Cancer Stem Cell Biology and Therapy					
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,193,642	\$ -	\$ -	\$ -	\$ 2,193,642
Non-state matching funds	-	423,435	4,581	-	428,016	-	1,037,285	1,096,236	-	2,133,521
Total contribution revenue	-	423,435	4,581	-	428,016	2,193,642	1,037,285	1,096,236	-	4,327,163
Investment Income										
Realized gain (loss)	-	-	-	3,526	3,526	-	-	-	8,085	8,085
Unrealized gain (loss)	-	-	-	46,308	46,308	-	-	-	(114,134)	(114,134)
Endowment income	-	-	-	15,063	15,063	-	-	-	19,950	19,950
Total investment income (loss)	-	-	-	64,897	64,897	-	-	-	(86,099)	(86,099)
Total revenue	-	423,435	4,581	64,897	492,913	2,193,642	1,037,285	1,096,236	(86,099)	4,241,064
Expenditures										
Personal services	-	-	15,046	-	15,046	-	-	-	-	-
Fringe	-	-	4,454	-	4,454	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Contractual	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	229	28,578	28,807	-	-	54,812	57,815	112,627
Other	-	-	-	-	-	-	-	-	5,723	5,723
Facilities	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	19,729	28,578	48,307	-	-	54,812	63,538	118,350
Program net income (loss)	-	423,435	(15,148)	36,319	444,606	2,193,642	1,037,285	1,041,424	(149,637)	4,122,714
Transfers	-	500,000	-	-	500,000	-	300,000	-	(29,696)	270,304
Cumulative Program Net Income										
Beginning	-	625,440	50,443	(83,703)	592,180	-	76,854	60,254	(425)	136,683
Ending	-	\$ 1,548,875	\$ 35,295	\$ (47,384)	\$ 1,536,786	\$ 2,193,642	\$ 1,414,139	\$ 1,101,678	\$ (179,758)	\$ 4,529,701

See notes to financial statements.

SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
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	Advanced Tissue Biofabrication				Medication Safety and Efficacy			
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings
								Total
Contribution Revenue								
State funds	\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ -	\$ -	\$ -
Non-state matching funds	-	-	175,337	-	-	600,000	-	-
Total contribution revenue	-	-	175,337	-	600,000	600,000	-	-
Investment Income								
Realized gain (loss)	-	-	-	-	-	-	-	1,521
Unrealized gain (loss)	-	-	-	-	-	-	-	(28,382)
Endowment income	-	-	-	-	-	-	-	2,200
Total investment income (loss)	-	-	-	-	-	-	-	(24,661)
Total revenue	-	-	175,337	-	600,000	600,000	-	1,175,339
Expenditures								
Personal services	-	-	-	-	-	-	-	-
Fringe	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Contractual	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Facilities	-	-	100,337	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-
Total expenditures	-	-	100,337	-	-	-	-	-
Program net income (loss)	-	-	75,000	-	600,000	600,000	-	(54,661)
Transfers	-	-	-	-	-	-	-	-
Cumulative Program Net Income								
Beginning	-	-	-	-	-	-	-	-
Ending	\$ -	\$ -	\$ 75,000	\$ -	\$ 600,000	\$ 600,000	\$ -	\$ (54,661)
								\$ 1,145,339

See notes to financial statements.

SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
MEDICAL UNIVERSITY OF SOUTH CAROLINA
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	Prostate Cancer Disparities				Lipidomics, Pathobiology and Therapy					
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$	-	\$	-	\$	-	\$	-	\$	-
Non-state matching funds	-	-	3,870	-	3,870	-	-	-	-	-
Total contribution revenue	-	-	3,870	-	3,870	-	-	-	-	-
Investment Income										
Realized gain (loss)	-	-	-	11	11	-	-	-	-	-
Unrealized gain (loss)	-	-	-	343	343	-	-	-	-	-
Endowment income	-	-	-	60	60	-	-	-	-	-
Total investment income (loss)	-	-	-	414	414	-	-	-	-	-
Total revenue	-	-	3,870	414	4,284	-	-	-	-	-
Expenditures										
Personal services	-	-	-	-	-	-	-	-	-	-
Fringe	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Contractual	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	194	32	226	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Facilities	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	194	32	226	-	-	-	-	-
Program net income (loss)	-	-	3,676	382	4,058	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Cumulative Program Net Income										
Beginning	-	3,000	-	(124)	2,876	-	-	-	-	-
Ending	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
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	Inflammation and Fibrosis				Total - Medical University of South Carolina					
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,236,372	\$ -	\$ -	\$ -	\$ 11,236,372
Non-state matching funds	-	983,005	-	-	983,005	-	3,456,790	5,853,124	-	9,309,914
Total contribution revenue	-	983,005	-	-	983,005	11,236,372	3,456,790	5,853,124	-	20,546,286
Investment Income										
Realized gain (loss)	-	-	-	1,103	1,103	-	-	-	577,245	577,245
Unrealized gain (loss)	-	-	-	(112,719)	(112,719)	-	-	-	5,799,878	5,799,878
Endowment income	-	-	-	36,902	36,902	-	-	-	1,262,220	1,262,220
Total investment income (loss)	-	-	-	(74,714)	(74,714)	-	-	-	7,639,343	7,639,343
Total revenue	-	983,005	-	(74,714)	908,291	11,236,372	3,456,790	5,853,124	7,639,343	28,185,629
Expenditures										
Personal services	-	-	-	-	-	-	-	673,322	9,841	683,163
Fringe	-	-	-	-	-	-	-	189,496	2,913	192,409
Travel	-	-	-	-	-	-	-	12,510	-	12,510
Supplies	-	-	-	-	-	-	-	222,808	-	222,808
Contractual	-	-	-	-	-	-	-	165,186	-	165,186
Administrative fees	-	-	-	64,257	64,257	-	-	133,066	814,418	947,484
Other	-	-	-	-	-	-	-	77,568	5,723	83,291
Facilities	-	-	-	-	-	-	-	859,142	-	859,142
Equipment	-	-	-	-	-	-	-	141,067	-	141,067
Total expenditures	-	-	-	64,257	64,257	-	-	2,474,165	832,895	3,307,060
Program net income (loss)	-	983,005	-	(138,971)	844,034	11,236,372	3,456,790	3,378,959	6,806,448	24,878,569
Transfers	-	2,000	-	-	2,000	-	922,648	306,095	85,783	1,314,526
Cumulative Program Net Income										
Beginning	-	-	-	-	-	43,254,539	22,514,144	3,363,147	(7,687,356)	61,444,474
Ending	-	\$ 985,005	\$ -	\$ (138,971)	\$ 846,034	\$ 54,490,911	\$ 26,893,582	\$ 7,048,201	\$ (795,125)	\$ 87,637,569

See notes to financial statements.

SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
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	Nanostructures				Brain Imaging					
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 1,509,342	\$ -	\$ -	\$ -	\$ 1,509,342	\$ 693,104	\$ -	\$ -	\$ -	\$ 693,104
Non-state matching funds	-	100,100	221,493	-	321,593	-	-	-	-	-
Total contribution revenue	1,509,342	100,100	221,493	-	1,830,935	693,104	-	-	-	693,104
Investment Income										
Realized gain	-	-	-	38,371	38,371	-	-	-	47,335	47,335
Unrealized gain	-	-	-	80,500	80,500	-	-	-	109,086	109,086
Endowment income	-	-	-	194,499	194,499	-	-	-	264,390	264,390
Total investment income	-	-	-	313,370	313,370	-	-	-	420,811	420,811
Total revenue	1,509,342	100,100	221,493	313,370	2,144,305	693,104	-	-	420,811	1,113,915
Expenditures										
Personal services	-	-	101,940	65,625	167,565	-	-	-	87,090	87,090
Fringe	-	-	16,550	10,095	26,645	-	-	-	24,924	24,924
Travel	-	-	5,134	-	5,134	-	-	-	7,782	7,782
Supplies	-	-	13,067	-	13,067	-	-	-	4,796	4,796
Contractual	-	-	945	18,725	19,670	-	-	-	32,909	32,909
Tuition assistance	-	-	-	-	-	-	-	-	-	-
Fixed charges	-	-	-	-	-	-	-	-	-	-
Indirect cost recovery	-	-	56,782	-	56,782	-	-	-	-	-
Administrative fees	-	-	-	19,885	19,885	-	-	-	24,784	24,784
Legal	-	-	-	-	-	-	-	-	-	-
Other	-	-	6,842	3,860	10,702	-	-	-	1,153	1,153
Equipment	-	-	49,506	-	49,506	-	-	-	2,482	2,482
Total expenditures	-	-	250,766	118,190	368,956	-	-	-	185,920	185,920
Program net income (loss)	1,509,342	100,100	(29,273)	195,180	1,775,349	693,104	-	-	234,891	927,995
Transfers	-	50,000	-	-	50,000	-	-	-	-	-
Cumulative Program Net Income Beginning	2,490,658	1,482,755	81,535	189,683	4,244,631	4,306,896	2,089,589	-	(129,838)	6,266,647
Ending	\$ 4,000,000	\$ 1,632,855	\$ 52,262	\$ 384,863	\$ 6,069,980	\$ 5,000,000	\$ 2,089,589	\$ -	\$ 105,053	\$ 7,194,642

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
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	Polymer Nanocomposites				Hydrogen Fuel Cell Economy					
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 236,895	\$ -	\$ -	\$ -	\$ 236,895	\$ -	\$ -	\$ -	\$ -	\$ -
Non-state matching funds	-	665,641	-	-	665,641	-	-	-	-	-
Total contribution revenue	236,895	665,641	-	-	902,536	-	-	-	-	-
Investment Income										
Realized gain	-	-	-	15,002	15,002	-	-	-	-	-
Unrealized gain	-	-	-	39,676	39,676	-	-	-	-	-
Endowment income	-	-	-	179,974	179,974	-	-	-	147,462	147,462
Total investment income	-	-	-	234,652	234,652	-	-	-	147,462	147,462
Total revenue	236,895	665,641	-	234,652	1,137,188	-	-	-	147,462	147,462
Expenditures										
Personal services	-	-	-	78,008	78,008	-	-	-	-	-
Fringe	-	-	-	11,715	11,715	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Contractual	-	-	-	-	-	-	-	-	-	-
Tuition assistance	-	-	-	-	-	-	-	-	-	-
Fixed charges	-	-	-	-	-	-	-	-	-	-
Indirect cost recovery	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	7,983	7,983	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	14,464	14,464	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	112,170	112,170	-	-	-	-	-
Program net income (loss)	236,895	665,641	-	122,482	1,025,018	-	-	-	147,462	147,462
Transfers	-	(50,000)	-	-	(50,000)	-	-	-	-	-
Cumulative Program Net Income Beginning	2,606,243	671,986	-	200,452	3,478,681	2,500,000	-	-	231,292	2,731,292
Ending	\$ 2,843,138	\$ 1,287,627	\$ -	\$ 322,934	\$ 4,453,699	\$ 2,500,000	\$ -	\$ -	\$ 378,754	\$ 2,878,754

See notes to financial statements.

SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2010

	Tourism and Economic Development				Renewable Fuel Cells					
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 251,562	\$ -	\$ -	\$ -	\$ 251,562
Non-state matching funds	-	-	248,698	-	248,698	-	340,000	824,213	-	1,164,213
Total contribution revenue	-	-	248,698	-	248,698	251,562	340,000	824,213	-	1,415,775
Investment Income										
Realized gain	-	-	-	22,856	22,856	-	-	-	-	-
Unrealized gain	-	-	-	52,672	52,672	-	-	-	-	-
Endowment income	-	-	-	101,321	101,321	-	-	-	106,017	106,017
Total investment income	-	-	-	176,849	176,849	-	-	-	106,017	106,017
Total revenue	-	-	248,698	176,849	425,547	251,562	340,000	824,213	106,017	1,521,792
Expenditures										
Personal services	-	-	111,845	-	111,845	-	-	380,220	-	380,220
Fringe	-	-	18,416	-	18,416	-	-	75,393	-	75,393
Travel	-	-	33,000	-	33,000	-	-	20,507	-	20,507
Supplies	-	-	7,571	-	7,571	-	-	3,859	-	3,859
Contractual	-	-	236,504	-	236,504	-	-	-	-	-
Tuition assistance	-	-	-	-	-	-	-	-	-	-
Fixed charges	-	-	-	-	-	-	-	-	-	-
Indirect cost recovery	-	-	16,485	-	16,485	-	-	42,101	-	42,101
Administrative fees	-	-	-	11,917	11,917	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-
Other	-	-	1,058	-	1,058	-	-	134	-	134
Equipment	-	-	5,392	-	5,392	-	-	213,047	-	213,047
Total expenditures	-	-	430,271	11,917	442,188	-	-	735,261	-	735,261
Program net income (loss)	-	-	(181,573)	164,932	(16,641)	251,562	340,000	88,952	106,017	786,531
Transfers	-	-	-	-	-	-	-	(650,710)	-	(650,710)
Cumulative Program Net Income Beginning	1,573,600	1,218,600	223,865	23,001	3,039,066	1,867,984	-	561,758	136,410	2,566,152
Ending	\$ 1,573,600	\$ 1,218,600	\$ 42,292	\$ 187,933	\$ 3,022,425	\$ 2,119,546	\$ 340,000	\$ -	\$ 242,427	\$ 2,701,973

See notes to financial statements.

SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2010

	Solid Oxide Fuel Cells					Childhood Neurotherapeutics				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-state matching funds	-	-	977,671	-	977,671	-	2,000,000	-	-	2,000,000
Total contribution revenue	-	-	977,671	-	977,671	-	2,000,000	-	-	2,000,000
Investment Income										
Realized gain	-	-	-	-	-	-	-	-	-	-
Unrealized gain	-	-	-	-	-	-	-	-	-	-
Endowment income	-	-	-	111,735	111,735	-	-	-	111,758	111,758
Total investment income	-	-	-	111,735	111,735	-	-	-	111,758	111,758
Total revenue	-	-	977,671	111,735	1,089,406	-	2,000,000	-	111,758	2,111,758
Expenditures										
Personal services	-	-	521,782	-	521,782	-	-	-	-	-
Fringe	-	-	69,870	-	69,870	-	-	-	-	-
Travel	-	-	47,187	-	47,187	-	-	-	-	-
Supplies	-	-	161,204	-	161,204	-	-	-	-	-
Contractual	-	-	34,742	-	34,742	-	-	-	-	-
Tuition assistance	-	-	21,765	-	21,765	-	-	-	-	-
Fixed charges	-	-	74,491	-	74,491	-	-	-	-	-
Indirect cost recovery	-	-	363,246	-	363,246	-	-	-	-	-
Administrative fees	-	-	-	-	-	-	-	-	14,553	14,553
Legal	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	348,141	-	348,141	-	-	-	-	-
Total expenditures	-	-	1,642,428	-	1,642,428	-	-	-	14,553	14,553
Program net income (loss)	-	-	(664,757)	111,735	(553,022)	-	2,000,000	-	97,205	2,097,205
Transfers	-	-	650,710	-	650,710	-	-	-	-	-
Cumulative Program Net Income Beginning	800,000	800,000	-	10,219	1,610,219	3,074,678	500,000	-	56,754	3,631,432
Ending	\$ 800,000	\$ 800,000	\$ (14,047)	\$ 121,954	\$ 1,707,907	\$ 3,074,678	\$ 2,500,000	\$ -	\$ 153,959	\$ 5,728,637

See notes to financial statements.

SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2010

	Rehabilitation and Reconstruction Science				Strategic Approaches to Electricity Production from Coal					
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000
Non-state matching funds	-	-	1,000,000	-	1,000,000	-	-	1,000,000	-	1,000,000
Total contribution revenue	500,000	-	1,000,000	-	1,500,000	1,000,000	-	1,000,000	-	2,000,000
Investment Income										
Realized gain	-	-	-	-	-	-	-	-	64,275	64,275
Unrealized gain	-	-	-	-	-	-	-	-	144,877	144,877
Endowment income	-	-	-	17,912	17,912	-	-	-	141,982	141,982
Total investment income	-	-	-	17,912	17,912	-	-	-	351,134	351,134
Total revenue	500,000	-	1,000,000	17,912	1,517,912	1,000,000	-	1,000,000	351,134	2,351,134
Expenditures										
Personal services	-	-	20,000	-	20,000	-	-	45,019	-	45,019
Fringe	-	-	-	-	-	-	-	6,034	-	6,034
Travel	-	-	-	-	-	-	-	6,661	-	6,661
Supplies	-	-	-	-	-	-	-	42,558	-	42,558
Contractual	-	-	-	-	-	-	-	78	-	78
Tuition assistance	-	-	-	-	-	-	-	-	-	-
Fixed charges	-	-	-	-	-	-	-	-	-	-
Indirect cost recovery	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	-	-	-	-	-	-
Legal	-	-	19,384	-	19,384	-	-	-	33,678	33,678
Other	-	-	7,691	-	7,691	-	-	(1,075)	-	(1,075)
Equipment	-	-	55,311	-	55,311	-	-	-	-	-
Total expenditures	-	-	102,386	-	102,386	-	-	99,275	33,678	132,953
Program net income (loss)	500,000	-	897,614	17,912	1,415,526	1,000,000	-	900,725	317,456	2,218,181
Transfers	-	-	-	-	-	-	-	-	-	-
Cumulative Program Net Income Beginning	500,000	-	-	9,332	509,332	3,000,000	2,000,000	1,902,212	47,926	6,950,138
Ending	\$ 1,000,000	\$ -	\$ 897,614	\$ 27,244	\$ 1,924,858	\$ 4,000,000	\$ 2,000,000	\$ 2,802,937	\$ 365,382	\$ 9,168,319

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2010**

	Healthcare Quality				Senior SMART™ Center					
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ 2,255,149	\$ -	\$ -	\$ -	\$ 2,255,149	\$ -	\$ -	\$ -	\$ -	\$ -
Non-state matching funds	-	-	3,432,511	-	3,432,511	-	50,000	-	-	50,000
Total contribution revenue	2,255,149	-	3,432,511	-	5,687,660	-	50,000	-	-	50,000
Investment Income										
Realized gain	-	-	-	-	-	-	-	-	125,244	125,244
Unrealized gain	-	-	-	-	-	-	-	-	-	-
Endowment income	-	-	-	98,333	98,333	-	-	-	-	-
Total investment income	-	-	-	98,333	98,333	-	-	-	125,244	125,244
Total revenue	2,255,149	-	3,432,511	98,333	5,785,993	-	50,000	-	125,244	175,244
Expenditures										
Personal services	-	-	642,524	25,000	667,524	-	-	-	-	-
Fringe	-	-	117,167	-	117,167	-	-	-	-	-
Travel	-	-	2,167	-	2,167	-	-	-	-	-
Supplies	-	-	7,641	-	7,641	-	-	-	-	-
Contractual	-	-	1,985,516	-	1,985,516	-	-	-	-	-
Tuition assistance	-	-	-	-	-	-	-	-	-	-
Fixed charges	-	-	-	-	-	-	-	-	-	-
Indirect cost recovery	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	29,829	29,829	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-
Other	-	-	5,587	662	6,249	-	-	-	-	-
Equipment	-	-	671,909	-	671,909	-	-	-	-	-
Total expenditures	-	-	3,432,511	55,491	3,488,002	-	-	-	-	-
Program net income (loss)	2,255,149	-	-	42,842	2,297,991	-	50,000	-	125,244	175,244
Transfers	-	-	-	-	-	-	-	-	-	-
Cumulative Program Net Income Beginning	2,744,851	2,000,000	-	51,064	4,795,915	2,000,000	-	2,000,000	-	4,000,000
Ending	\$ 5,000,000	\$ 2,000,000	\$ -	\$ 93,906	\$ 7,093,906	\$ 2,000,000	\$ 50,000	\$ 2,000,000	\$ 125,244	\$ 4,175,244

See notes to financial statements.

SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2010

	Nanoevironmental Research and Risk Assessment				Nuclear Science and Energy			
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings
Contribution Revenue								
State funds	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -
Non-state matching funds	-	-	-	-	-	-	-	-
Total contribution revenue	-	-	-	-	-	-	-	-
Investment Income								
Realized gain	-	-	-	-	-	-	-	-
Unrealized gain	-	-	-	-	-	-	-	-
Endowment income	-	-	-	-	-	-	-	-
Total investment income	-	-	-	-	-	-	-	-
Total revenue	-	-	-	-	-	-	-	-
Expenditures								
Personal services	-	-	-	-	-	-	-	-
Fringe	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Contractual	-	-	-	-	-	-	-	-
Tuition assistance	-	-	-	-	-	-	-	-
Fixed charges	-	-	-	-	-	-	-	-
Indirect cost recovery	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	-
Program net income (loss)	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Cumulative Program Net Income Beginning	-	-	-	-	-	-	-	-
Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See notes to financial statements.

SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2010

	Nuclear Science Strategies					Healthful Lifestyles				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-state matching funds	-	100,000	-	-	100,000	-	900,000	2,252,729	-	3,152,729
Total contribution revenue	-	100,000	-	-	100,000	-	900,000	2,252,729	-	3,152,729
Investment Income										
Realized gain	-	-	-	-	-	-	-	-	-	-
Unrealized gain	-	-	-	-	-	-	-	-	-	-
Endowment income	-	-	-	-	-	-	-	-	-	-
Total investment income	-	-	-	-	-	-	-	-	-	-
Total revenue	-	100,000	-	-	100,000	-	900,000	2,252,729	-	3,152,729
Expenditures										
Personal services	-	-	-	-	-	-	-	1,335,035	-	1,335,035
Fringe	-	-	-	-	-	-	-	291,417	-	291,417
Travel	-	-	-	-	-	-	-	106,202	-	106,202
Supplies	-	-	-	-	-	-	-	65,973	-	65,973
Contractual	-	-	-	-	-	-	-	101,729	-	101,729
Tuition assistance	-	-	-	-	-	-	-	-	-	-
Fixed charges	-	-	-	-	-	-	-	126,071	-	126,071
Indirect cost recovery	-	-	-	-	-	-	-	226,302	-	226,302
Administrative fees	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	2,252,729	-	2,252,729
Program net income (loss)	-	100,000	-	-	100,000	-	900,000	-	-	900,000
Transfers	-	-	-	-	-	-	-	-	-	-
Cumulative Program Net Income Beginning	-	-	-	-	-	-	-	-	-	-
Ending	\$ -	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ -	\$ 900,000	\$ -	\$ -	\$ 900,000

See notes to financial statements.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
UNIVERSITY OF SOUTH CAROLINA
PROGRAM REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2010**

	Data Analysis, Simulation, Imaging, and Visualization					Total - University of South Carolina				
	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total	State Endowment	Non-State Endowment	Non-State Expendable	Endowment Earnings	Total
Contribution Revenue										
State funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,446,052	\$ -	\$ -	\$ -	\$ 6,446,052
Non-state matching funds	-	1,203,907	-	-	1,203,907	-	5,359,648	9,957,315	-	15,316,963
Total contribution revenue	-	1,203,907	-	-	1,203,907	6,446,052	5,359,648	9,957,315	-	21,763,015
Investment Income										
Realized gain	-	-	-	-	-	-	-	-	313,083	313,083
Unrealized gain	-	-	-	-	-	-	-	-	426,811	426,811
Endowment income	-	-	-	-	-	-	-	-	1,475,383	1,475,383
Total investment income	-	-	-	-	-	-	-	-	2,215,277	2,215,277
Total revenue	-	1,203,907	-	-	1,203,907	6,446,052	5,359,648	9,957,315	2,215,277	23,978,292
Expenditures										
Personal services	-	-	-	-	-	-	-	3,158,365	255,723	3,414,088
Fringe	-	-	-	-	-	-	-	594,847	46,734	641,581
Travel	-	-	-	-	-	-	-	220,858	7,782	228,640
Supplies	-	-	-	-	-	-	-	301,873	4,796	306,669
Contractual	-	-	-	-	-	-	-	2,359,514	51,634	2,411,148
Tuition assistance	-	-	-	-	-	-	-	21,765	-	21,765
Fixed charges	-	-	-	-	-	-	-	200,562	-	200,562
Indirect cost recovery	-	-	-	-	-	-	-	704,916	-	704,916
Administrative fees	-	-	-	-	-	-	-	-	142,629	142,629
Legal	-	-	-	-	-	-	-	19,384	-	19,384
Other	-	-	-	-	-	-	-	20,237	20,139	40,376
Equipment	-	-	-	-	-	-	-	1,343,306	2,482	1,345,788
Total expenditures	-	-	-	-	-	-	-	8,945,627	531,919	9,477,546
Program net income (loss)	-	1,203,907	-	-	1,203,907	6,446,052	5,359,648	1,011,688	1,683,358	14,500,746
Transfers	-	-	-	-	-	-	-	-	-	-
Cumulative Program Net Income Beginning	-	-	-	-	-	27,464,910	10,762,930	4,769,370	826,295	43,823,505
Ending	-	1,203,907	\$ -	\$ -	\$ 1,203,907	\$ 33,910,962	\$ 16,122,578	\$ 5,781,058	\$ 2,509,653	\$ 58,324,251

See notes to financial statements.

SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE

YEAR ENDED JUNE 30, 2010

Notes to Financial Statements

Note 1. Description of Program

The South Carolina Research Centers of Economic Excellence Act (the Act) was introduced by Chapter 75 of Act No. A356 and passed by the South Carolina General Assembly during the 2002 legislative session. The Act was established to create the South Carolina Centers of Economic Excellence (the Program or CoEE) and the Centers of Excellence Matching Endowment, which originally was to be funded annually by appropriations from the South Carolina Education Lottery in an aggregate amount not to exceed \$ 200 million by 2010. During the year ended June 30, 2009, the South Carolina General Assembly revised the Act to provide for \$ 30 million in guaranteed funding each year if (a) the lottery scholarships have been funded, and (b) at least 80% of all appropriations have been awarded by the Review Board through the most recent previous fiscal year. In addition, the Act created the Research Centers of Excellence Review Board (the Review Board), which is responsible for awarding state matching funds, for oversight and operation of the fund, and for various accountability requirements established in the statute for the Program. The Review Board consists of eleven members. Of these eleven members, three must be appointed by the Governor of South Carolina, three must be appointed by the President Pro Tempore of the South Carolina Senate, three must be appointed by the Speaker of the South Carolina House of Representatives, one member each must be appointed by the Chair of the Senate Finance Committee and the Chair of the House Ways and Means Committee. The Presidents of the senior research universities of the State of South Carolina (Clemson University, the Medical University of South Carolina, and the University of South Carolina) serve as ex-officio non-voting members.

The purpose of the Act is to create incentives for the senior research universities of South Carolina to raise capital from the private sector to fund endowments for professorships in research areas targeted to create well-paying jobs and enhanced economic opportunities for the people of South Carolina. Non-state funds are used to match dollar-for-dollar funds appropriated by the General Assembly from the South Carolina Education Lottery. The program's intent is to provide \$ 30 million annually in South Carolina Education Lottery appropriations if (a) the lottery scholarships have been funded, and (b) at least 80% of all appropriations have been awarded by the Review Board through the most recent previous fiscal year. These state appropriations are to be matched by the institutions.

The endowed professorships are awarded to the senior research universities through a competitive application process, which encourages collaboration among the three research universities as well as with other South Carolina institutions of higher education. Awards from the Centers of Excellence Matching Endowment are to be not less than \$ 2 million and not more than \$ 5 million. Non-state matching funds are to be raised exclusively from sources other than South Carolina tax dollars, and committed and raised subsequent to January 1, 2002. The Research Centers of Economic Excellence Act was amended March 17, 2004, adding Section 90, which allows the research institutions to use federal funds received after July 1, 2003, as non-state matching funds. The Research Centers of Economic Excellence Act was further amended on June 25, 2008, adding Section 100, which allows the Review Board to use a portion (as determined by the Review Board) of the non-state match to pay for Center operating costs and which requires that the full state award of any dissolved or withdrawn Center be returned to the Centers of Excellence Matching Endowment. Section 110 was also added on June 25, 2008, which provided the eligibility of in-kind contributions as non-state matches.

In 2010, the General Assembly amended the Research Centers of Economic Excellence Act to create a new type of CoEE Award to be made in concert with the South Carolina Department of Commerce. One-quarter of the unallocated Centers of Excellence Matching Endowment funds is dedicated for funding such "CoEE Commerce Awards." CoEE Commerce Awards may not individually exceed \$ 2 million and do not require the dollar-for-dollar non-state match of Standard CoEE awards. In place of a matching requirement, the Secretary of Commerce is required to certify that a "significant capital investment" has been made in the related research field of a proposed CoEE Commerce Award professorial endowment; the intent of CoEE Commerce Award endowment is to "directly support the industry." These revisions become effective January 1, 2011.

Note 2. Summary of Significant Accounting Policies

Basis of presentation and method of accounting: The Program's financial statements are presented on the accrual basis of accounting. Revenues are recorded in the period earned, and expenses are recorded at the time liabilities are incurred. Inasmuch as state funds are not disbursed until cash gifts are in hand, a pledge received in support of a Center is not recognized as revenue until the pledge has been satisfied.

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
YEAR ENDED JUNE 30, 2010**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Property and equipment: Property and equipment purchased with program funds is deemed to be the property of the respective research institution.

Assets available for program use: State funds committed for Program use are permanently restricted, as well as 30% of the non-state matching funds of each Center of Economic Excellence, as endowment funds. Earnings from the endowments funds may be expended for direct program purposes, as well as any non-state matching funds that exceed the 30% endowment requirement. In-kind contributions of real property, equipment, supplies and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to a project or program may be used to satisfy non-state matching requirements, but may not account for more than 70% of the non-state match total for each proposal.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Federal grants used as non-state matching funds: Federal grants used as non-state matching funds by the research institutions are not reflected in the statements of program revenues and expenditures. Such funds are maintained separately from the Program by the research institutions. See Note 5 for additional information.

Note 3. Assets Maintained by Research Institutions

The assets resulting from program activities are maintained by the research institutions, and are held by the universities, their respective foundations, or by the State Treasurer. At June 30, 2010, cash and investments maintained by the research institutions for program purposes was as follows:

Clemson University	\$ 63,222,556
Medical University of South Carolina	87,637,569
University of South Carolina	58,278,164
Total	<u><u>\$ 209,138,289</u></u>

Note 4. Summary of Funded Centers of Economic Excellence

Proposals approved during FY 2009-2010 derived from accrued interest on Program funds and are as follows:

<u>Institution</u>	<u>Proposal Title</u>	<u>Proposal Amount</u>
Clemson	Sustainable Development	\$ 4,000,000
MUSC	Inflammation and Fibrosis Research	5,000,000
USC	Data Analysis	2,000,000
Total		<u><u>\$ 11,000,000</u></u>

State funding has been committed to these proposals, and the respective institutions are eligible to draw down these funds from the South Carolina Commission on Higher Education as qualifying non-state matching funds are received in hand.

SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
YEAR ENDED JUNE 30, 2010

Notes to Financial Statements

Note 5. Proposals Using Federal Grants for Non-State Matching Funds

As described in Note 2, federal grants are eligible for use as non-state matching funds, but are not included in the statements of program revenues and expenses. The following table displays the total federal awards that have qualified as non-state matching funds and those that have been used toward the non-state match for each proposal.

		Federal Grants used as Non-State Matching Funds	
<u>Institution</u>	<u>Proposal</u>	Total Qualifying As Non-State Match	Amount Used As Non-State Match
Clemson	Optical Materials	\$ 772,961	\$ 772,961
MUSC	Proteomics	1,375,919	1,313,697
MUSC	Marine Genomics	2,927,730	2,208,577
MUSC	Translational Cancer Therapeutics	6,174,089	3,001,905
MUSC	Cancer Drug Discovery	6,292,518	3,395,490
MUSC	Gastrointestinal Cancer	3,221,264	2,438,472
MUSC	Vision Science	1,956,478	1,605,443
MUSC	Tobacco-Related Malignancies	3,221,264	2,402,904
MUSC	Renal Disease Biomarkers	204,390	204,390
MUSC	Advanced Tissue Biofabrication	1,739,507	1,450,042
USC	Nanostructures	1,444,820	1,444,820
USC	Brain Imaging	1,336,000	1,336,000
USC	Polymer Nanocomposites	2,020,110	1,868,060
USC	Hydrogen Fuel Cell Economy	335,000	335,000
USC	Renewable Fuel Cells	1,184,532	531,788
USC	Solid Oxide Fuel Cells	1,256,609	502,530
USC	Childhood Neurotherapeutics	1,243,106	1,168,428
USC	Data Analysis	389,549	389,549
		<u>\$ 37,095,846</u>	<u>\$ 26,370,056</u>

Note 6. Subsequent Events

Subsequent events have been evaluated through November 29, 2010, the date these financial statements were available to be issued. There were no material events that required recognition or additional disclosure in these financial statements.



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Review Board
South Carolina Centers of Economic Excellence
Columbia, South Carolina

We have audited the financial statements of the South Carolina Centers of Economic Excellence for the year ended June 30, 2010, and have issued our report thereon dated November 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered South Carolina Centers of Economic Excellence's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we would consider to be significant deficiencies or material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Carolina Centers of Economic Excellence's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*. These findings are reported on page 44.

This report is intended solely for the information of management, the Review Board, the South Carolina Budget and Control Board, and the General Assembly and is not intended to be and should not be used by anyone other than those specified parties.

Derrick Stubbs + Stith LLP

November 29, 2010

**SOUTH CAROLINA CENTERS OF ECONOMIC EXCELLENCE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2010**

Finding #10-1:

Finding: The CoEE Program *Guidelines* call for the research institutions to provide to the Review Board an annual report for each CoEE for which the research institution is the fiscal agent. These annual reports are due to the Review Board by July 31, for the previous June 30 fiscal year. The individual CoEE annual reports are used to create the comprehensive CoEE Program Annual Report. By August 1, 2010, no completed annual reports were provided to CHE staff by the Medical University of South Carolina. As of October 26, 2010, only 5 of 19 completed annual reports have been provided to CHE staff.

Corrective Action Taken:

FROM COEE REVIEW BOARD: Current operating policy is to suspend fund disbursements to an institution which has not submitted deadline materials in a timely manner. This operating policy was invoked against MUSC with regards to the submission of the FY2010 annual reports. The Review Board is considering formalizing this operating policy.

FROM MEDICAL UNIVERSITY OF SOUTH CAROLINA: The Medical University of South Carolina concurs with the auditor's comments. This oversight occurred during a period of leadership transition. This issue has been addressed and steps have been taken to ensure that delays in submitting the annual reports will not occur again. These steps include: (a) designation of the MUSC institutional official responsible for the CoEE programs; (b) process revision to optimize communication and information gathering; and (c) additional staff assignment for program administration. Completed reports for each CoEE for which the Medical University of South Carolina serves as fiscal agent will be submitted to CHE staff prior to November 8, 2010.

Finding #10-2:

Finding: While processing the December 31, 2009, CoEE Program Biannual Match Report, CHE staff discovered two ineligible matches for the Tourism and Economic Development CoEE totaling \$ 264,500. On June 7, 2010, the Review Board approved valid replacement matches offered by USC to replace the ineligible matches.

Corrective Action Taken:

FROM COEE REVIEW BOARD:

CHE staff reviews institutional match schedules on a biannual basis. During the Spring 2010 review, CHE staff discovered two ineligible matches for the Tourism and Economic Development CoEE which were claimed by USC on its December 31, 2009 Biannual Match Report. These two ineligible matches were brought to the attention of the program auditor and the Review Board. The Review Board instructed USC to offer replacement matches at the June 2010 meeting. In June 2010, the Review Board approved USC's suggested replacement of the two ineligible matches.

In March 2007, CHE staff developed and implemented a CoEE Drawdown Checklist in order to guarantee that all match instrumentation required by the Program *Guidelines* is properly submitted to the Review Board prior to the distribution of state funds for any CoEE. CHE staff's use of this Checklist, plus its biannual review of institutional match schedules, led to the discovery of the two ineligible matches. CHE staff will continue to use the Checklist and monitor institutional matches on a biannual basis to ensure the eligibility of all matches being claimed.

FROM UNIVERSITY OF SOUTH CAROLINA: The University of South Carolina acknowledges this administrative error as oversight on the part of USC staff. USC has since identified allowable match replacements for the ineligible matches.